

project is eligible and whether an application is timely, complete, and responsive to the grant announcement and shall notify the applicant in writing. The Assistant Administrator's decision on eligibility may be appealed to the Administrator.

**§ 1709.120 Evaluation of applications.**

(a) The Agency will establish one or more rating panels to review and rate the grant applications. The panels may include persons not employed by the Agency.

(b) All timely and complete applications that meet the eligibility requirements will be referred to the rating panel. The rating panel will evaluate and rate all referred applications according to the evaluation criteria and weights established in the grant announcement. Panel members may make recommendations for conditions on grant awards to promote successful performance of the grant or to assure compliance with other Federal requirements.

(c) After the rating panel has evaluated and scored all proposals, in accordance with the point allocation specified in the grant announcement, the panel will prepare a list of all applications in rank order, together with funding level recommendations and recommendations for conditions, if any.

(d) The list of ranked projects and rating panel recommendations will be forwarded to the Administrator for review and selection.

**§ 1709.121 Administrator's review and selection of grant awards.**

(a) The final decision to make an award is at the discretion of the Administrator. The Administrator shall make any selections of finalists for grant awards after consideration of the applications, the rankings, comments, and recommendations of the rating panel, and other pertinent information.

(b) Based on consideration of the application materials, ranking panel ratings, comments, and recommendations, and other pertinent information, the Administrator may elect to award less than the full amount of grant requested by an applicant. Applicants will be notified of an offer of a reduced

or partial award. If an applicant does not accept the Administrator's offer of a reduced or partial award, the Administrator may reject the application and offer an award to the next highest ranking project.

(c) The projects selected by the Administrator will be funded in rank order to the extent of available funds.

(d) In the event an insufficient number of eligible applications are received in response to a published grant announcement and selected for funding to exhaust the funds available, the Administrator reserves the discretion to reopen the application period and to accept additional applications for consideration under the terms of the grant announcement. A notice regarding the reopening of an application period will be published in the FEDERAL REGISTER.

**§ 1709.122 Consideration of eligible grant applications under later grant announcements.**

At the discretion of the Administrator, the grant announcement may provide that all eligible but unfunded proposals submitted under preceding competitive grant announcements may also be considered for funding. This option is provided to reduce the burden on applicants and the Agency. The grant announcement shall indicate how applicants may request reconsideration of previously submitted, but unfunded, applications and how they may supplement their applications.

**§ 1709.123 Evaluation criteria and weights.**

(a) *Establishing evaluation criteria and weights.* The grant announcement will establish the evaluation criteria and weights to be used in ranking the grant proposals submitted. Unless supplemented in the grant announcement, the criteria listed in this section will be used to evaluate proposals submitted under this program. Additional criteria may be included in the grant announcement. In establishing evaluation criteria and weights, the total points that may be awarded for project design and technical merit criteria shall not be less than 65 percent of the total available points, and the total points awarded for priority criteria shall not be more than 35 percent of

the total available points. The distribution of points to be awarded per criterion will be identified in the grant announcement.

(b) *Project design and technical merit.* In reviewing the grant proposal's project design and technical merit, reviewers will consider the soundness of the applicant's approach, the project's technical and financial feasibility, the adequacy of financial and other resources, the capabilities and experience of the applicant and its project management team, the project goals, and identified community needs and benefits. Points will be awarded under the following project elements:

(1) *Comprehensiveness and feasibility.* Reviewers will assess the technical and economic feasibility of the project and how well its goals and objectives address the challenges of the eligible communities. The panel will review the proposed design, construction, equipment and materials for the proposed energy facilities to determine technical feasibility. Reviewers may propose additional conditions on the grant award to assure that the project is technically sound. Budgets will be reviewed for completeness and the strength of non-Federal funding commitments. Points may not be awarded unless sufficient detail is provided to determine whether or not funds are being used for qualified purposes. Reviewers will consider the adequacy of the applicant's budget and resources to carry out the project as proposed. Reviewers will also evaluate how the applicant proposes to manage available resources such as grant funds, income generated from the facilities and any other financing sources to maintain and operate a financially viable project once the grant period has ended. Reviewers must make a finding of operational sustainability for any points to be awarded. Projects for which future grant funding is likely to be required in order to assure ongoing operations will not receive any points.

(2) *Demonstrated experience.* Reviewers will consider whether the applicant or its project team have demonstrated experience in successfully administering and carrying out projects that are comparable to that proposed in the application. The reviewers may assign a high-

er point score to proposals that develop the internal capacity to provide or improve energy services in the eligible communities over other proposals that rely extensively on temporary outside contractors.

(3) *Community needs.* Reviewers will consider the applicant's assessment of community energy needs to be addressed by the proposed project as well as the severity of physical and economic challenges affecting the target communities. In determining whether one proposal should receive more points than another under this criterion, reviewers will consider the relative burdens placed on the communities and individual households by extremely high energy costs, the hardships created by limited access to reliable and affordable energy services and the availability of other resources to support or supplement the proposed grant funding.

(4) *Project evaluation and performance measures.* Reviewers will consider the applicant's suggested project evaluation and performance criteria. Reviewers may award higher points to criteria that are quantifiable, directly relevant to project goals, and reflect serious consideration than to more subjective performance criteria that do not incorporate variables that reflect a reduction in energy cost or improvement in service.

(5) *Coordination with rural development initiatives.* Proposals that include documentation confirming coordination with State rural development initiatives may be credited points for this criterion.

(c) *Priority considerations.* Subject to the limitation in paragraph (a) of this section, evaluation points may also be awarded for projects that advance identified priority interests identified in the grant announcement to assist the Agency in selecting among competing projects when the amount of funding requests exceed available funds. The grant announcement may incorporate all or some of the priority criteria listed below, and as discussed in paragraph (a) of this section, the grant announcement may supplement these criteria. The announcement will also specify the

points that will be awarded to qualifying applications under these priority criteria.

(1) *Community economic hardship.* Economic hardship points may be awarded where the median household income for the target community is significantly below the State average or where the target community suffers from economic conditions that severely constrain its ability to provide or improve energy facilities serving the community. Applicants must describe in detail and document conditions creating severe community economic hardship in the proposal.

(2) *Rurality.* Priority consideration may be given to proposals that serve smaller rural communities. Applications will be scored based on the population of the largest incorporated cities, towns or villages or census designated places included within the grant's proposed target area as determined using the latest available population figures from the U.S. Census Bureau.

(3) *Unserviced energy needs.* Points may be awarded to projects that extend or improve electric or other energy services to eligible communities or areas of eligible communities that do not have reliable centralized or commercial service.

(4) *Imminent hazard.* Additional points may be awarded for projects that correct a condition posing an imminent hazard to public safety, public welfare, the environment, or to a critical community or residential energy facility in immediate danger of failure because of a deteriorated condition, capacity limitation, or damage from a natural disaster or accident.

(5) *Cost sharing.* Projects that evidence significant commitments of funds, contributed property, equipment, or other in kind support for the project may be awarded additional points for this criterion where the aggregate value of these contributions exceed ten percent of total eligible project costs.

#### § 1709.124 Grant award procedures.

(a) *Notification of applicants.* The Agency will notify all applicants in writing whether they have been selected for a grant award. Applicants

that have been selected as finalists for a competitive grant award will be notified in writing of their selection and advised that the Agency may request additional information in order to complete the required environmental review under 7 CFR 1794 and to meet other pre-award conditions.

(b) *Letter of conditions.* The Agency will notify each applicant selected as a finalist in writing setting out the amount of grant funds and the terms and conditions under which the grant will be made and requesting that the applicant indicate in writing its intent to accept these conditions.

(c) *Applicant's intent to meet conditions.* Upon reviewing the conditions and requirements in the letter of conditions, the selected applicant must notify the agency in writing within the time period indicated, of its acceptance of the conditions, or if the proposed certain conditions cannot be met, the applicant must so advise the Agency and may propose alternate conditions. The Agency must concur with any changes proposed to the letter of conditions by the applicant before the application will be further processed.

(d) *Grant agreement.* The Agency and the grantee must sign a grant agreement acceptable to the Agency prior to the advance of funds.

#### §§ 1709.125–1709.200 [Reserved]

### Subpart C—Bulk Fuel Revolving Fund Grant Program

#### § 1709.201 Purpose.

This subpart establishes policies and procedures for the Rural Utilities Service (RUS) State Bulk Fuel Revolving Fund Grants. The purpose of this grant program is to assist State entities in establishing and supporting a revolving fund to provide a more cost-effective means of purchasing fuel for communities where the fuel cannot be shipped by means of surface transportation.

#### § 1709.202 Policy. [Reserved]

#### § 1709.203 Definitions.

As used in this subpart, the following definitions apply:

*Eligible area* means any area that is primarily dependent on delivery of fuel